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## " Performance Evaluation of BOM with special reference to Deposits and Advances ( 2010-11 to 2020-21 ) "

**For the degree of Doctor of Philosophy**
**in ECONOMICS**
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स्वामी रामानंद तीर्थ
मराठवाडा विद्यापीठ,नांदेड.

# Performance Evaluation of BOM with special reference to Deposits and Advances

# ( 2010-11 to 2020-21 )

## 1. Introduction:

Maharashtra has a long history of commercial activity since ages because of its strategic location in Indian sub continent and its large natural resources. Maharashtra has been a progressive region and the Banking activity was also started in this region quite early. Historically speaking, the Bank of Bombay established in 1840 was the first Commercial Bank in Maharashtra. However, the first commercial bank set up in Maharashtra outside Mumbai was The Poona Bank established in 1889 at Pune, followed by The Deccan Bank in 1890 and the Bombay Banking Company in 1898. Outbreak of the First World War leading to great depression took a heavy toll on banks in India. Between 1914 and 1935 as many as 380 banks failed in the country out of which were based in Bombay province. The impact of these failures was felt more in Maharashtra region because certain banks known for a long time were also closed down. The effects of great depression started fading and new enterprises began emerging with new hopes in all spheres of economy, including banking.

**Need felt for an Independent Bank for Maharashtra**

The Mahratta Chamber of Commerce (MCC) was established in Poona in 1934 and its Founder Secretary Shri A.R. Bhat was a great visionary. Shri Bhat initiated for a comprehensive review of banking services available in the region through the special issue of Kesari news paper released in memory of Lokmanya Tilak within a few months of establishment of MCC. He ensured that his friend, Shri V. P.Varde considered as a doyen of co-operative movement wrote an article on the necessity of a separate bank for Maharashtra, thus launching a public discussion on the subject. While there was no noticeable response to the article of Shri Varde, Shri A R Bhat kept on discussing the subject with leaders in Trade and Industry. Shri Bhat ensured that Mahratta Chamber and its Directors took up the issue and held a Conference on Business and Industry in Poona on behalf of the MCC in February 1935. "For providing capital to the trade and industry' in Maharashtra, it is essential to establish a Joint commercial bank. The Mahratta Chamber, therefore requested to make all the necessary enquiries in that behalf and take appropriate steps for floating such a bank. The business community in Maharashtra is urged to support such an effort. "

The Swadeshi movement of the first decade of the 20th Century gave stimulus to the establishment of a number of commercial banks under Indian Management in Maharashtra. The MCC formed a sub-committee consisting of Sarvashri V.G.Kale, D.K.

Sathe, N.G. Pawar, G.D. Apte and to work out the details. The first meeting of the committee was held on 19 Mav 1935 in the conference room of the Kesari Mahratta office. Another meeting of the sub committee with wider public representation was followed on 27 May 1935 in the meeting hall of Kesari Mahratta office and decisions on matters like the number of Directors on the Board of the proposed bank (maximum to be 11 members), Amount of each share (to be Rs. 50/-) and primary condition for becoming a Director (to hold a minimum of 500 shares) were taken. The Bank was formally registered under the Indian Companies Act, on the auspicious day of 16 September 1935.

Both The Reserve Bank of India and Bank of Maharashtra were established in the same year i.e. 1935.

Bank of Maharashtra (BoM) was registered on September 16, 1935 with a capital of Rs10 Lakh. Today it has the largest network of 1,375 branches than any other public sector banks in Maharashtra. It has a network of 345 ATMs.

It offers depository services and demat facilities at 131 branches. 38% of its branches are located in rural areas.

BoM has tie up LIC of India and United India Insurance Company.

## 2. Selection of the research topic :

For the present research investigation, Bank of Maharashtra is selected purposely, first reason being, I am an employees of this esteemed organization and I have been working in Bank of Maharashtra for past two years as Scale – I officer.

Second reason being Bank of Maharashtra has a long history of successful commercial activity since 1935, because of its regional and historical importance for the state of Maharashtra.

Third reason being both The Reserve Bank of India and Bank of Maharashtra were established in the same year i.e. 1935.

All the more there is not a single research work conducted on Bank of Maharashtra. Hence there is a need for an in-depth study on Bank of Maharashtra. The present investigation is undertaken on this background.

## 3. Objectives of the study :

Following are the objectives of the study

1. To review briefly present position of banking in India in general and in Maharashtra in particular.
2. To study origin and development of BOM
3. To analyze the organization and management of BOM
4. To study Deposits and Advances of BOM
5. Evaluate the performance of BOM with the help of financial ratios
6. To identify the responses and opinions of customers of BOM
7. To highlight the problems and to suggest measures

## 4. Hypothesis:

On the basis of above mentioned objectives the following hypothesis is developed to be tested in the present study.

1. Public Sector Nationalized Banks run with due care and developed to cater to the multifarious needs of the customers can certainly be social assets. The success rests largely on the dynamism of the persons at the helm of affairs.

1. H0: Deposits with BoM have increased substantially during the period of the study.
2. H0: Loans and advances of BoM have increased during the period of the study.
3. Ho: Financial performance of BoM is not satisfactory enough.
4. Ho: Customers are fully satisfied with BoM for offering prompt services.

## 5. RESEARCH DESIGN:

### 5.1 The scope of the study:

The Bank under the study i.e. Bank of Maharashtra is a Nationalized Public Sector Bank operating in all 28 states of India, hence the present research work encompasses all of the India.

### 5.2 Reference Period:

The present research work covers a period of the decade of 2010's i.e. from 2010-11 to 2020-21.

### 5.3 Research methodology:

**Descriptive Method:**

Descriptive research can be explained as a statement of affairs as they are at present with the researcher having no control over variable. Moreover, "descriptive studies may be characterized as simply the attempt to determine, describe or identify what is, while analytical research attempts to establish why it is that way or how it came to be"

Descriptive research is "aimed at casting light on current issues or problems through a process of data collection that enables them to describe the situation more completely than was possible without employing this method."

In its essence, descriptive studies are used to describe various aspects of the phenomenon. In its popular format, descriptive research is used to describe characteristics and/or behavior of sample population.

An important characteristic of descriptive research relates to the fact that while descriptive research can employ a number of variables, only one variable is required to conduct a descriptive study. Three main purposes of descriptive studies can be explained as describing, explaining and validating research findings.

**Theorization :**

The present research work is focused on banking industry. It focuses on Indian economy in context with nationalized bank i.e. Bank of Maharashtra. As India has adopted mixed economy since independence and banking industry is also an integral part of India's Mixed economy, present research work is based on Mixed Economy.

## 5.3.1 Data collection:

Both primary and secondary sources of data collection will be used for the present study.

### 5.3.1.1 Secondary Data:

The present research work is primarily based on secondary data. The statistical part of this study is principally derived from secondary sources i.e. annual reports of BoM and RBI, books, periodicals and government reports etc.

### 5.3.1.2 Primary Data:

A small part of present research work is based on primary data. To identify the responses and reactions of customers of BOM structured questionnaire cum schedules will be designed and deployed. After the pilot survey, detailed and comprehensive questionnaire will be finalized to elicit required information. Nearly a sample of 100 respondents will be interviewed for this purpose with the help of schedule.

## 5.3.2 Tools and Techniques of Analysis :

To analyze financial position of BoM selected financial ratios will be used. Simple and appropriate mathematical and statistical tools will be employed for analysis such as percentage, averages ,trend analysis, annual growth rate etc.

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## 6 Organization of the Study

What we have discussed so far constitutes the core of the framework of analysis as well as the approach of this study. The study will be organized into following chapters:

**Chapter one: Present position of Banking in India and Maharashtra**

In this chapter the origin and meaning of the concept of banking in India will be discussed. The preface of this research will be given and the design of research will be discussed.

**Chapter Two: Review of Literature and Research Framework.**

This chapter summarizes the previous work done related to our research topic will be discussed briefly. Use of the conclusions drawn from past studies will help our study and give the direction to study also the research methodology will be discussed.

**Chapter Three: Origin and Development of Bank of Maharashtra**

Third chapter presents the origin and development of BoM. Organizations current status, position of Bank of Maharashtra in Indian Banking will be studied in detail. This chapter attempts an overview of BoM's development experience, briefly touching upon some of the historical processes that shaped it, explores the varied explanations and addresses some of the critical aspects of the current growth process.

**Chapter Four: Study of Deposits of Bank of Maharashtra**

Chapter four attempts to enquire into the progress of various types of deposits of BoM. Compare position of deposits of BoM over the study period. This chapter emphasizes the need to make the most of the immensely important asset of deposits which the bank has so built up.

**Chapter Five: Analysis of Loans and Advances of Bank of Maharashtra**

Fifth chapter is devoted to comparative study of different loans offered by BoM. Both the priority sector loans and non-priority sector loans will be studied in depth.

**Chapter Six: Performance Evaluation of Bank of Maharashtra with the help of financial ratios.**

In this chapter the financial performance of BoM will be evaluated with the help of following important ratios and parameaters

**1.Credit—Deposit Ratio**

**2.Cost to income ratio**

**3.Capital adequacy ratio**

**4.Gross NPA ratio**

**5.Net NPA ratio**

**6.Provision coverage ratio**

**7.Return on average assets**

**8.Return on equity**

**9.Business per branch**

**10.Profit per branch**

**11.Business per employee**

**12.profit per employee**

**Chapter Seven: Responses and opinions of customers (interviewers)**

This chapter deals with customers' responses and opinions towards BoM. A detailed questionnaire will be prepared for this purpose. Various aspects will be covered i.e. Banking facilities to customers, quick and prompt services of a bank, banker and customers relationship, employee's attitude towards customers. Customers expectations and complaints about banking services, grivences redressal system, customers involvement and participation towards bank etc.

**Chapter Eight: Summary, Conclusions and Suggestions.**

Finally, in this chapter important findings and conclusions drawn from the whole study will be listed and according main suggestions will be given.

## 7 Importance of The Study / Society Application :

The banking industry in India has a huge canvas of history, which covers the traditional banking practices from the time of britishers to the reforms period, nationalization to privatization of banks and now the increasing number of foreign banks in India. On this background the present research is useful to society from various points of view.

1. This research work will be helpful to all public sector nationalized banks from various aspects such as financial performance, trend of deposits and loans, position of NPAs, overdues problem etc. It is useful to Bank of Maharashtra in particular and all nationalized / public sector banks in general.
2. It is useful to strategist and policy makers to formulate future policy to survive in the global competition. Foreign banks are large in size, technologically advanced and having global market presence, which gives more and better options and services to Indian traders.
3. It is evident that post liberalization era has created various challenges and opportunities like rural market, transparency, customer expectations, risk management, growth in banking sector, human factor, global banking etc. Banks are striving to combat the competition. Present research work will focus on challenges and opportunities before banking industry in general and BoM in particular.
4. Customer satisfaction is the base of Banking industry. Present research work will focus on consumers satisfaction and responses towards BoM.
5. Last but not least present research work is useful to BoM with regards to financial performance, trend of deposits and loans, position of NPAs, overdues problem etc. With the help of findings and suggestions of present research work BoM can improve its position.

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## 8 Constrain of the study :

1. Though the Bank of Maharashtra is working at all India level, it's presence in states other than Maharashtra is limited to Metro cities only. The generalization of findings would be mostly limited to the state of Maharashtra.
2. In light of outbreak of COVID-19 Pandemic and due to shortage of time, money and labor, I will conduct survey of selected few branches from Maharashtra State only.

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